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Redstone
Mines
LIMITED



fifth annual report

1966

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Annual Meeting of Shareholders of Redstone Mines Limited
Wednesday, June 28, 1967 at 11.30 A.M. (Toronto Time)
Windsor Room — King Edward Sheraton Hotel
37 King Street East, Toronto 1, Canada

Fifth
Annual Report
1966

REDSTONE MINES LIMITED

EXECUTIVE OFFICES: Suite 915, 25 Adelaide Street East
TORONTO 1, CANADA

HEAD OFFICE

TORONTO, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
J. C. BYRNE - - - - - Vice-President
S. WISEBROT - - - - - Secretary-Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
DR. E. L. EVANS - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto

CONSULTANTS

SURVEYMIN LIMITED - - - - - Toronto

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON Toronto

BANKERS

ROYAL BANK OF CANADA - - - - - Toronto

SOLICITORS

TILLEY, CARSON, FINDLAY & WEDD - - - Toronto

**REGISTRAR AND
TRANSFER AGENT**

MONTREAL TRUST COMPANY
15 King Street West - - - - - Toronto

REPORT OF THE DIRECTORS



J. A. HARQUAIL, PRESIDENT

To the shareholders:

The directors are pleased to present the fifth annual report of your Company which maintains its sound financial position. The statements for the 1966 fiscal year show net current assets, in cash and short term deposits, amounting to approximately \$169,000 at year-end.

Shareholders will also be interested to note the maps included. One depicts the Redstone property holdings, as well as the Redfort and Trio Syndicate interests. A second map, showing exploration activity in the Great Slave Lake region to the east, may also be of interest to you.

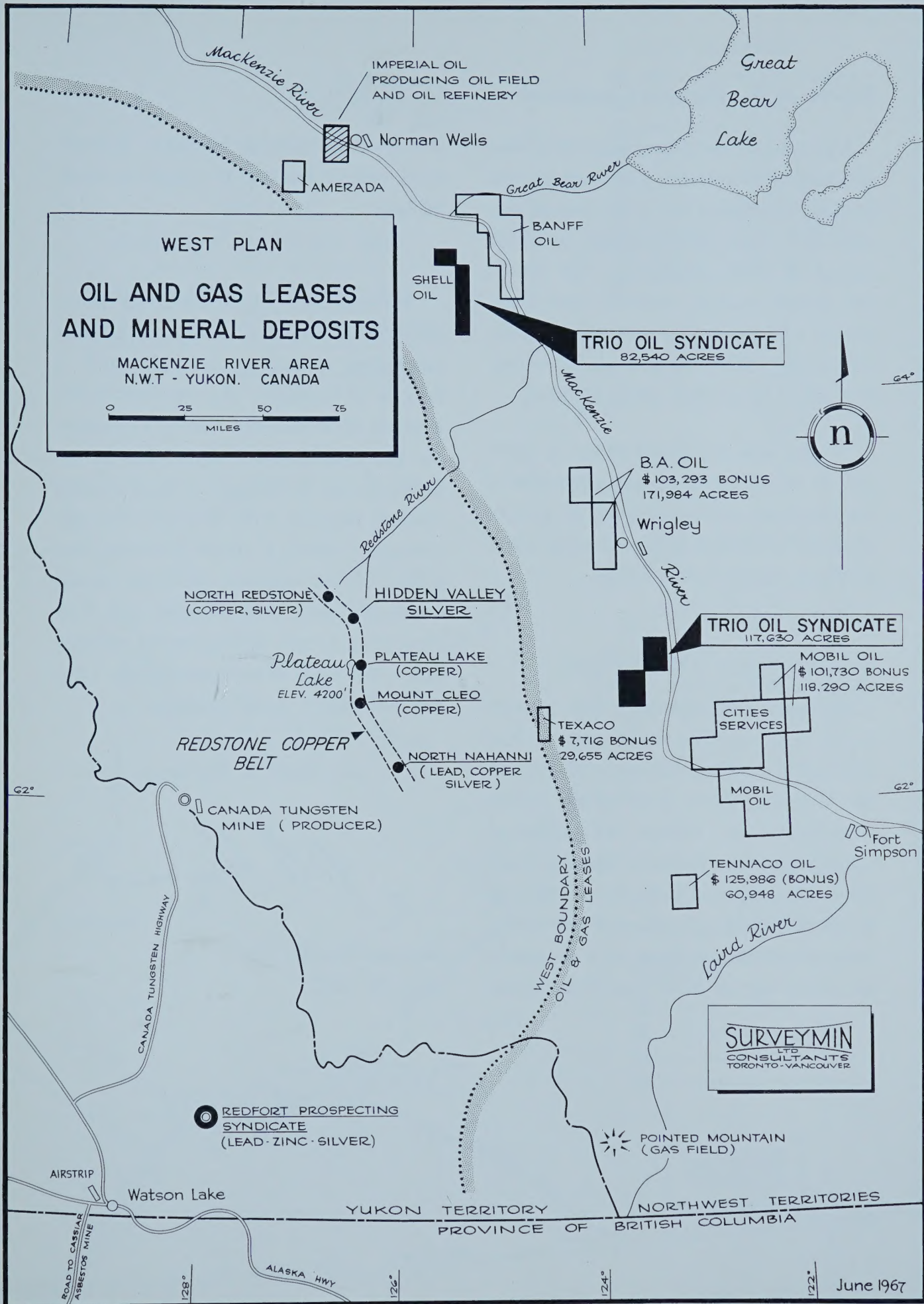
Hidden Valley (Silver)

Your Company's property holdings in the Northwest Territories, consisting of 591 claims (30,500 acres) in five groups, remained in good standing during the year. One of these groups, named the

Hidden Valley group, has several high-grade silver showings on which only limited work has been done. Composite samples from one showing on this group returned 220 ounces of silver per ton. No diamond drilling has been done here to date but several outside companies have indicated an interest in financing further work on these silver holdings which cover an extensive area.

Redfort Syndicate (Silver-Zinc-Lead)

Redstone last year acquired a 30% interest in the Redfort Prospecting Syndicate, which has acquired one group of 192 claims in the Yukon located about 40 miles northeast of Watson Lake. Rayrock Mines Limited and Fort Reliance Minerals Limited are associated with Redstone in financing this syndicate which has adequate funds for the exploration program contemplated for 1967.



SURVEYMIN
CONSULTANTS
TORONTO - VANCOUVER

Report of the Directors continued

A number of interesting anomalies were obtained in the airborne survey which was partially completed last year. Ground surveys have been recommended to check certain of these anomalies. The claims are almost entirely covered with overburden and geophysics and geochemistry remain the only methods available to outline areas of possible mineralization.

A drill hole completed about 10 years ago on an adjoining property returned a five foot core section assaying 81 ounces of silver. This hole is located about 2,000 feet from the Redfort holdings.

Trio Syndicate (Oil and Gas)

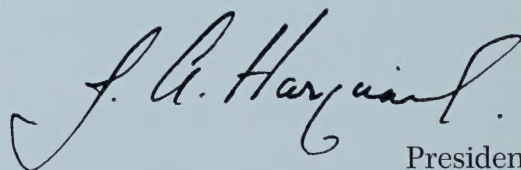
Redstone has acquired a 50% interest in the Trio Syndicate which owns oil and gas rights over 200,000 acres of land in the McKenzie River basin of the Northwest Territories. Ensign Oils Limited of Calgary and Fort Reliance Minerals each have a 25% interest in financing this syndicate. The holdings consist of two blocks along the McKenzie River with the southern block only 80 miles east of the exten-

sive Redstone mineral holdings. Consultants will be retained to report on these holdings.

* * *

Your directors regret the death earlier this year of David C. Sharpstone, a distinguished consulting geologist and a director of Redstone, who represented the interests of Homestake Mining Company. Mr. Sharpstone made a significant contribution to our knowledge of the Redstone mineral deposits. He believed that the company's efforts to locate economic orebodies on its extensive holdings would eventually meet with success and that pioneering a new district was a difficult task. We wish to acknowledge his valuable assistance to our company.

On behalf of the board,

A handwritten signature in dark ink, appearing to read "J. G. Hargrave". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

President

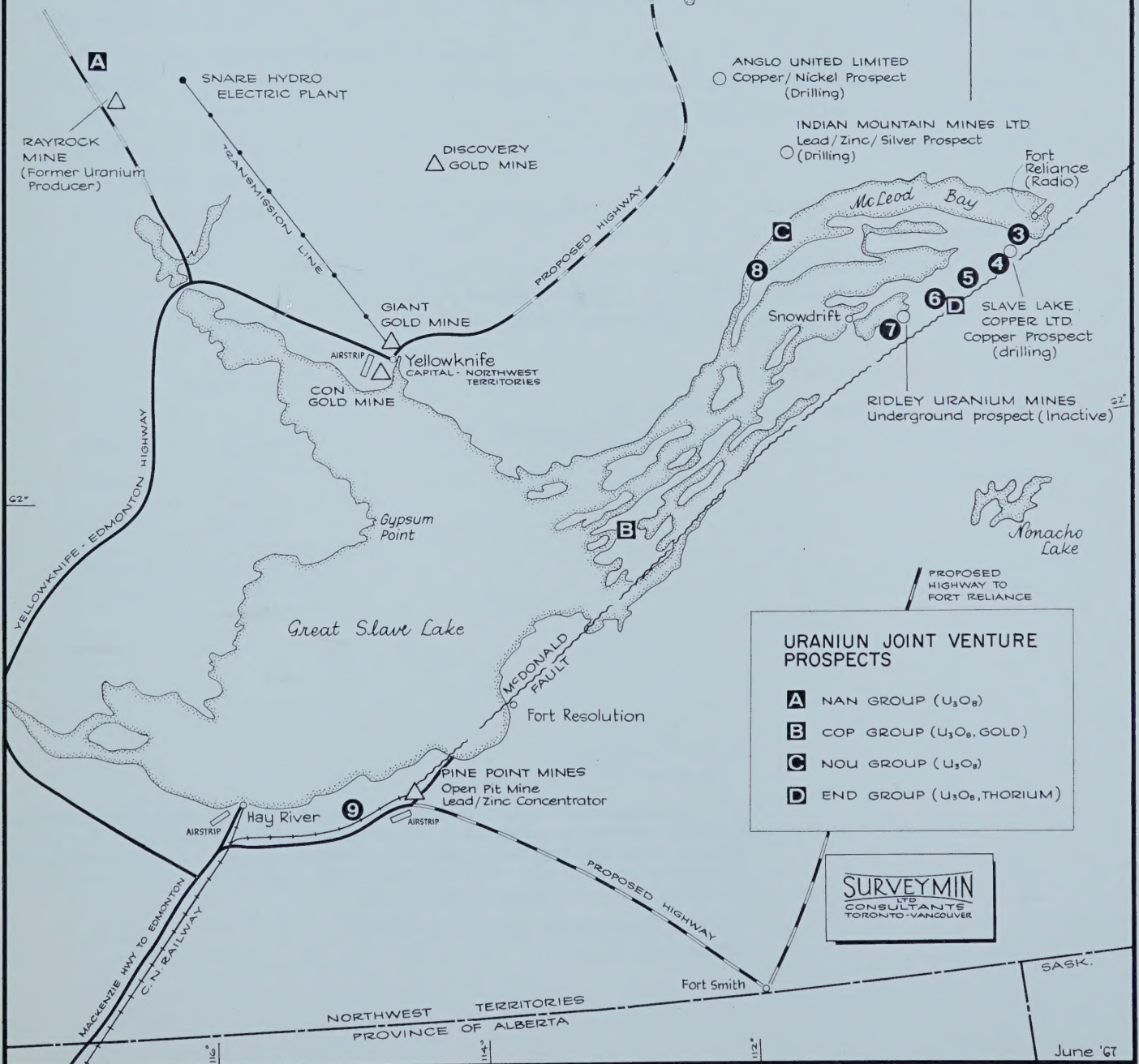
Toronto, Canada
June 12, 1967

EAST PLAN
PROPERTY LOCATION MAP
SHOWING N.W.T. HOLDINGS OF
NAHANNI MINES LTD.
AND
URANIUM JOINT VENTURE

0 20 40 60 80 100
SCALE IN MILES

NAHANNI PROSPECTS

- ① GREY AND GORD GROUPS (GOLD)
- ② CUP GROUP (NICKEL)
- ③ GEM GROUP (COPPER)
- ④ POLO GROUP (COPPER)
- ⑤ MARK GROUP (COPPER)
- ⑥ HAR GROUP (SILVER, COBALT)
- ⑦ REG GROUP (URANIUM, COPPER)
- ⑧ WOOREE GROUP (COPPER)
- ⑨ BUD GROUP



URANIUM JOINT VENTURE PROSPECTS

- A** NAN GROUP (U_3O_8)
- B** COP GROUP (U_3O_8 , GOLD)
- C** NOU GROUP (U_3O_8)
- D** END GROUP (U_3O_8 , THORIUM)

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LTD
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TORONTO-VANCOUVER

Redstone M

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Balance Sheet -

(with comparative figur

	ASSETS	1966	1965
CURRENT ASSETS:			
Cash		6,963	1,686
Short term securities at cost which approximates market value		158,656	190,399
Accounts and accrued interest receivable		2,864	1,193
Prepaid expenses		635	635
		<u>169,118</u>	<u>193,913</u>
MINING CLAIMS:			
Claims held under certificates of work in the Nahanni Mining District, Northwest Territories, acquired for 1,200,000 shares of the company's capital stock issued at 25¢ per share (note 1)		300,000	300,000
OTHER ASSETS AND DEFERRED EXPENDITURES:			
Exploration and administrative expenditures deferred		758,483	734,894
Organization expense		2,881	2,881
		<u>761,364</u>	<u>737,775</u>
		<u>\$1,230,482</u>	<u>\$1,231,688</u>

AUDITOR

To the Shareholders of
Redstone Mines Limited:

We have examined the balance sheet of Redstone Mines Limited as at December 31, 1966 and the statement of exploration and administrative expenditures deferred for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,
March 8, 1967.

es Limited

(Incorporated under the laws of Ontario)

December 31, 1966

(December 31, 1965)

	LIABILITIES	1966	1965
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		300	1,506
SHAREHOLDERS' EQUITY:			
Capital stock (note 2)			
Authorized — 5,000,000 shares without par value			
Issued — 3,584,928 shares		1,230,182	1,230,182
Approved on behalf of the Board:			
J. A. HARQUAIL, Director.			
J. C. BYRNE, Director.			
		<u>\$1,230,482</u>	<u>\$1,231,688</u>

REPORT

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS and CO.,
Chartered Accountants.

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED
Year ended December 31, 1966

EXPLORATION:

Participation in exploration syndicate	16,192	
Licenses and recording fees	110	
Other expenses (net)	224	16,526

ADMINISTRATIVE AND GENERAL:

Management, consulting and office service fees	15,000	
Audit fees	250	
Share transfer and share issue expenses	194	
Reports to shareholders	545	
Other expenses	421	16,410

32,936

Deduct interest earned		9,347

Expenditures (net) for the year	23,589
Balance deferred at January 1, 1966 (including \$2,500 participation in exploration syndicate)	734,894
Balance deferred at December 31, 1966	<u>\$ 758,483</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 1966

1. Under certain prospecting agreements former employees (who are not directors or officers) are entitled to receive, in respect of 100 of the company's mining claims, 10% of the amount by which any proceeds on disposal thereof exceed exploration expenditures incurred thereon.
2. There are 60,000 shares of the company's capital stock under option to an officer of the company at 35¢ per share expiring on April 30, 1969.

